

FILED
8/25/2022 RP

THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

vs.

KRISHNASWAMI SRIRAM

)
Case No.

1:22-cr-00423

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)
)
Violations: 26 U.S.C. § 7201
)
26 U.S.C. § 7206(1)
)

) 26 U.S.C. § 7206(2)
)
)
Judge Ronald A. Guzman
Magistrate Judge Young B. Kim

COUNT ONE

The SPECIAL JULY 2021 GRAND JURY Charges:

1. At times material to this Indictment:

- a. Defendant KRISHNASWAMI SRIRAM was a resident of Lake Forest, Illinois, and a practicing medical doctor.
- b. The Internal Revenue Service (IRS) was an agency within the United States Department of the Treasury and was responsible for enforcing and administering federal tax laws.

SRIRAM'S TAX DUE AND OWING AND IRS COLLECTION EFFORTS

- c. In or around August 2010, the IRS issued Notices of Deficiency to SRIRAM for tax years 1997, 1998, and 1999 that detailed the amount of individual income taxes, penalties, and interest he owed for those tax years.

d. In or around November of 2010, SRIRAM challenged these assessments in the U.S. Tax Court.

e. In or around September 2011, pursuant to a stipulation entered into by SRIRAM and the IRS, the U.S. Tax Court affirmed IRS assessments against SRIRAM for individual income taxes, interest, and penalties for tax years 1997, 1998, and 1999 totaling approximately \$760,000.

f. In or around April 2013, SRIRAM filed a U.S. Individual Income Tax Return, Form 1040, for tax year 2012 reporting a tax due and owing.

g. In or around September of 2012, the IRS filed a lien against SRIRAM's home for the purpose of collecting SRIRAM's tax due and owing for tax years 1997, 1998, and 1999.

h. In or around February and March 2013, SRIRAM petitioned the U.S. Tax Court challenging the IRS's efforts to collect SRIRAM's tax due and owing for tax years 1997, 1998, 1999, and 2001.

i. In or around January and February 2014, pursuant to a stipulation entered into between SRIRAM and the IRS, the U.S. Tax Court affirmed the IRS assessments against SRIRAM for tax years 1997, 1998, 1999, and 2001 in a total amount of approximately \$1.6 million and ordered the IRS to cease collection efforts for a period of time to allow SRIRAM to submit a request for a collection alternative.

j. In or around June 9, 2014, SRIRAM submitted a false Offer in Compromise, Form 656, accompanied by a Collection Information Statement for Wage Earners and Self-Employed Individuals, Form 433-A (collectively referred to as an “OIC”), to the IRS in an attempt to reduce his tax due and owing for tax years 1997, 1998, 1999, 2001, and 2012. The OIC was false because it omitted material assets, income, interests, and expenses.

k. A Form 433-A requires, among other things, a complete and honest accounting of an individual’s assets, income, interests, and expenses and is submitted and signed under penalty of perjury. The purpose of submitting a Form 433-A is to seek a determination by the IRS regarding whether to grant a partial or complete reprieve from the total amount of a taxpayer’s tax due and owing.

l. In or around June 25, 2014, the IRS returned SRIRAM’s OIC.

m. In or around December 2014, SRIRAM re-submitted a false OIC omitting material assets, income, interests, and expenses, and the IRS rejected it in or around November 2015.

n. In or around December 2015, SRIRAM appealed the IRS’s rejection of his OIC.

o. From in or around December 2015 through in or around April 2017, in support of his appeal, SRIRAM submitted statements and documentation to the IRS Office of Appeals in support of the OIC that omitted material information

regarding a complete and accurate description of his assets, income, and other financial interests.

p. In or around August 2017, the IRS Office of Appeals sustained the rejection of SRIRAM's OIC.

SRIRAM'S OMITTED ASSETS AND INCOME

q. In or around November 2011, SRIRAM quitclaimed a rental property he owned in Arlington Heights, Illinois (Arlington Heights Property) to one of his children, Child A.

r. In or around November 2011, SRIRAM quitclaimed a rental property he owned in Peekskill, New York (Peekskill Property) to two of his children, Child A and Child B.

s. From in or around November 2011 through in or around the beginning of 2016, SRIRAM continued to maintain ownership and control of both the Arlington Heights Property and Peekskill Property by, among other things, collecting rental income and paying property-related expenses. Child A and Child B did not collect rental income and pay property-related expenses for the Arlington Heights Property and Peekskill Property during this period.

t. In or around December 2012, SRIRAM incorporated and caused to be incorporated Lake Forest Cardiology, LLC (LFC) with the Illinois Secretary of State. SRIRAM was the sole owner and shareholder of LFC and operated his medical practice under LFC.

u. In or around December 2012, SRIRAM opened a business bank account for LFC at US Bank.

v. In or around December of 2012, SRIRAM also incorporated and caused to be incorporated Home Doctor's Management, LLC (HDM) with the Illinois Secretary of State. HDM purported to be a management company that managed LFC's business. SRIRAM caused his three children to be equal one-third owners and shareholders of HDM. SRIRAM caused his third child, Child C, to be listed as HDM's registered agent in the company's articles of incorporation.

w. In or around January 2013, SRIRAM directed Child C to open business bank accounts for HDM at Bank of America (BOA). Although registered under Child C's name, SRIRAM maintained control over the bank accounts at BOA.

x. Beginning in or around 2011, SRIRAM owned and controlled an account at Federal Bank Limited (FBL) in India.

y. From in or around January 2012 through at least in or around January 2017, SRIRAM caused approximately \$600,000 to be transferred from bank accounts he owned and controlled in the United States, including HDM's accounts at BOA, to his bank account at FBL.

z. From in or around 2011 through at least December 2017, SRIRAM owned and controlled a financial account at Calibre Consultants (also known as Calibre Consultants Wealth Management), a firm in India, from which he earned income.

aa. From in or around January 2014 through at least in or around December 2017, SRIRAM owned and controlled a financial account at Calibre Financial Services Limited, a firm in India, from which he earned income.

bb. From in or around 2008 through in or around 2017, SRIRAM maintained an investment account at The Vanguard Group, Inc. (Vanguard). From in or around June 2014 through in or around April 2017, the account balance ranged from approximately \$54,000 to approximately \$70,000.

2. From at least in or about November 2011 and continuing until in or about April 2017, in the Northern District of Illinois, Eastern Division, and elsewhere,

KRISHNASWAMI SRIRAM

defendant herein, willfully attempted to evade and defeat the payment of approximately \$1.6 million of individual income tax due and owing by him to the United States of America, for tax years 1997, 1998, 1999, 2001, and 2012 by committing the following affirmative acts, among others:

a. filing and causing to be filed with the IRS false Offers in Compromise and supplemental documents and statements that concealed his income, assets, and other material information, including:

i. his ownership, control, income from, and asset value of a bank account in India at FBL;

- ii. his ownership, control, and asset value of an investment account at Vanguard;
 - iii. his ownership, control, income from, and asset value of a financial account at Calibre Consultants (also known as Calibre Consultants Wealth Management);
 - iv. his ownership, control, income from, and asset value of a financial account at Calibre Financial Services Limited;
 - v. his ownership, control, income from, and asset value of the Arlington Heights Property; and
 - vi. his ownership, control, income from, and asset value of the Peekskill Property.
- b. quitclaiming the Arlington Heights Property to Child A in or around November 2011;
- c. quitclaiming the Peekskill Property to Child A and Child B in or around November 2011;
- d. filing, and causing to be filed, with the IRS false personal U.S. Individual Income Tax Returns, Forms 1040, for tax years 2011, 2012, 2013, 2014, 2015, and 2016 that did not report the income generated by his foreign financial accounts at FBL, Calibre Consultants, Calibre Financial Services Limited, and the income and expenses generated by the rental of the Arlington Heights Property and Peekskill Property;

- e. preparing and filing, and causing to be prepared and filed, with the IRS false U.S. Individual Income Tax Returns, Forms 1040, for Child A for tax years 2013 and 2014 that reported the income and expenses generated by the rental of the Arlington Heights Property and Peekskill Property;
- f. preparing and filing, and causing to be prepared and filed, with the IRS false U.S. Individual Income Tax Returns, Forms 1040, for Child B for tax years 2014, 2015, and 2016 that reported the income and expenses generated by the rental of the Arlington Heights Property and Peekskill Property;
- g. sending, and causing to be sent, money from bank accounts he owned and controlled in the United States to a bank account he owned and controlled in India at FBL; and
- h. conducting, and causing to be conducted, personal financial affairs through the HDM business bank accounts at BOA.

In violation of Title 26, United States Code, Section 7201.

COUNT TWO

The SPECIAL JULY 2021 GRAND JURY further charges:

1. Paragraph 1 of Count One is incorporated here.
2. On or about June 23, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

KRISHNASWAMI SRIRAM

defendant herein, willfully made and subscribed, and filed and caused to be filed with the Internal Revenue Service, a false U.S. Individual Income Tax Return, Form 1040, for tax year 2013, which was verified by a written declaration that it was made under penalty of perjury and which SRIRAM did not believe to be true and correct as to every material matter. The return contained the following falsities, among others:

- a. The tax return included a declaration that the return and accompanying schedules and statements were true, correct, and complete. In fact, as SRIRAM knew, the return was not complete because it failed to report SRIRAM's financial interests in, signature authority over, and income generated by his foreign financial accounts at FBL, and Calibre Consultants on a Schedule B attached to the Form 1040, as required.
- b. The return reported \$379 in interest income on Line 8a. In fact, as SRIRAM knew, he had received taxable interest income in excess of that amount from his foreign financial accounts at FBL, Calibre Consultants, and Calibre Financial Services.
- c. The return did not report the income and expenses related to the Arlington Heights Property and Peekskill Property on Line 17. The return reported \$41,161 in income from his S-Corporation, LFC, on Line 17. In fact, as SRIRAM knew, he received rental income that he did not report.

- d. The Schedule E, Supplemental Income and Loss, attached to the Form 1040 did not report any income or expenses related to the Arlington Heights Property and Peekskill Property. In fact, as SRIRAM knew, he received income from and paid expenses related to those Properties.
- e. The return reported \$183,647 in adjusted gross income on Line 37. In fact, as SRIRAM knew, he had adjusted gross income in excess of that amount.

In violation of Title 26, United States Code, Section 7206(1).

COUNT THREE

The SPECIAL JULY 2021 GRAND JURY further charges:

- 1. Paragraph 1 of Count One is incorporated here.
- 2. On or about June 1, 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

KRISHNASWAMI SRIRAM

defendant herein, willfully made and subscribed, and filed and caused to be filed with the Internal Revenue Service, a false U.S. Individual Income Tax Return, Form 1040, for tax year 2014, which was verified by a written declaration that it was made under penalty of perjury and which SRIRAM did not believe to be true and correct as to every material matter. The return contained the following falsities, among others:

- a. The tax return included a declaration that the return and accompanying schedules and statements were true, correct, and complete. In fact, as

SRIRAM knew, the return was not complete because it failed to report SRIRAM's financial interests in, signature authority over, and income generated by his foreign financial accounts at FBL, Calibre Consultants, and Calibre Financial Services on a Schedule B attached to the Form 1040, as required.

- b. The return reported no taxable interest income on Line 8a. In fact, as SRIRAM knew, he had received taxable interest income from his foreign financial accounts at FBL, Calibre Consultants, and Calibre Financial Services.
- c. The return did not report the income and expenses related to the Arlington Heights Property and Peekskill Property on Line 17. The return reported \$223,308 in income from his S-Corporation, LFC, on Line 17. In fact, as SRIRAM knew, he had rental income and expenses that he did not report.
- d. The Schedule E, Supplemental Income and Loss, attached to the Form 1040 did not report any income or expenses related to the Arlington Heights Property and Peekskill Property. In fact, as SRIRAM knew, he received income from and paid expenses related to those Properties.
- e. The return reported \$365,638 in adjusted gross income on Line 37. In fact, as SRIRAM knew, he had adjusted gross income in excess of that amount.

In violation of Title 26, United States Code, Section 7206(1).

COUNT FOUR

The SPECIAL JULY 2021 GRAND JURY further charges:

1. Paragraph 1 of Count One is incorporated here.
2. On or about April 15, 2016, in the Northern District of Illinois, Eastern Division, and elsewhere,

KRISHNASWAMI SRIRAM

defendant herein, willfully made and subscribed, and filed and caused to be filed with the Internal Revenue Service, a false U.S. Individual Income Tax Return, Form 1040, for tax year 2015, which was verified by a written declaration that it was made under penalty of perjury and which SRIRAM did not believe to be true and correct as to every material matter. The return contained the following falsities, among others:

- a. The tax return included a declaration that the return and accompanying schedules and statements were true, correct, and complete. In fact, SRIRAM knew the return was not complete because it failed to report SRIRAM's financial interests in, signature authority over, and income generated by his foreign financial accounts at FBL, Calibre Consultants, and Calibre Financial Services on a Schedule B attached to the Form 1040, as required.
- b. The return reported no taxable interest income on Line 8a. In fact, as SRIRAM knew, he had received taxable interest income from his foreign

financial accounts at FBL, Calibre Consultants, and Calibre Financial Services.

- c. The return did not report the income and expenses related to the Arlington Heights Property and Peekskill Property on Line 17. The return reported \$221,505 in income from his S-Corporation, LFC, on Line 17. In fact, as SRIRAM knew, he had rental income and expenses that he did not report.
- d. The Schedule E, Supplemental Income and Loss, attached to the Form 1040, did not report any income or expenses related to the Arlington Heights Property and Peekskill Property. In fact, as SRIRAM knew, he received income from and paid expenses related to those Properties.
- e. The return reported \$368,849 in adjusted gross income on Line 37. In fact, as SRIRAM knew, he had adjusted gross income in excess of that amount.

In violation of Title 26, United States Code, Section 7206(1).

COUNT FIVE

The SPECIAL JULY 2021 GRAND JURY further charges:

1. Paragraph 1 of Count One is incorporated here.
2. On or about October 19, 2017, in the Northern District of Illinois, Eastern Division, and elsewhere,

KRISHNASWAMI SRIRAM

defendant herein, willfully made and subscribed, and filed and caused to be filed with the Internal Revenue Service, a false U.S. Individual Income Tax Return, Form 1040, for tax year 2016, which was verified by a written declaration that it was made under penalty of perjury and which SRIRAM did not believe to be true and correct as to every material matter. The return contained the following falsities, among others:

- a. The tax return included a declaration that the return and accompanying schedules and statements were true, correct, and complete. In fact, SRIRAM knew the return was not complete because it failed to report SRIRAM's financial interests in, signature authority over, and income generated by his foreign financial accounts at FBL, Calibre Consultants, and Calibre Financial Services on a Schedule B attached to the Form 1040, as required.
- b. The return reported \$49 in interest income on Line 8a. In fact, as SRIRAM knew, he had received taxable interest income in excess of that amount due to his foreign financial accounts at FBL, Calibre Consultants, and Calibre Financial Services.
- c. The return did not report the income and expenses related to the Arlington Heights Property and Peekskill Property on Line 17. The return reported \$259,223 in income from his S-Corporation, LFC, on

Line 17. In fact, as SRIRAM knew, he had rental income and expenses that he did not report.

- d. The Schedule E, Supplemental Income and Loss, attached to the Form 1040, that did not report any income or expenses related to the Arlington Heights Property and Peekskill Property. In fact, as SRIRAM knew, he received income from and paid expenses related to those Properties.
- e. The return reported \$405,788 in adjusted gross income on Line 37. In fact, as SRIRAM knew, he had adjusted gross income in excess of that amount.

In violation of Title 26, United States Code, Section 7206(1).

COUNTS SIX THROUGH TEN

The SPECIAL JULY 2021 GRAND JURY further charges:

1. Paragraph 1 of Count One is incorporated here.
2. Beginning on or about the dates set forth below, in the Northern District of Illinois, Eastern Division, and elsewhere,

KRISHNASWAMI SRIRAM

defendant herein, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of Child A's and Child B's U.S. Individual Income Tax Returns, Forms 1040, for the tax years set forth below. The individual income tax returns, filed in the Northern District of Illinois, Eastern Division, were false and fraudulent as to material matters, including that

they reported rental income and expenses from the Arlington Heights Property and Peekskill Property, when SRIRAM knew that neither Child A nor Child B earned income or paid expenses for the properties.

COUNT	Taxpayer	DATE	TAX YEAR	FALSE ITEMS
SIX	Child A	April 15, 2014	2013	Form 1040, Line 17 Form 8582, Passive Activity Loss Limitations Schedule E, Supplemental Income and Loss
SEVEN	Child A	April 15, 2015	2014	Form 1040, Line 17 Form 8582, Passive Activity Loss Limitations Schedule E, Supplemental Income and Loss
EIGHT	Child B	April 15, 2015	2014	Form 1040, Line 17 Form 8582, Passive Activity Loss Limitations Schedule E, Supplemental Income and Loss
NINE	Child B	April 15, 2016	2015	Form 1040, Line 17 Form 8582, Passive Activity Loss Limitations Schedule E, Supplemental Income and Loss
TEN	Child B	April 15, 2017	2016	Form 1040, Line 17 Schedule E, Supplemental Income and Loss

In violation of Title 26, United States Code, Section 7206(2).

A TRUE BILL:

FOREPERSON

STUART M. GOLDBERG

Acting Deputy Assistant Attorney General for Criminal Matters
Department of Justice, Tax Division